

# Medicare Temporary Payment Adjustments for Ground Ambulance Scheduled to Expire

December 8, 2017

**Medicare Part B** pays ambulance suppliers and providers for services and mileage under the **Ambulance Fee Schedule** (AFS). Congress established, through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), three temporary payment adjustments for ground ambulance transports. These temporary adjustments, among other AFS adjustments, are determined by the zip code where the patient is picked up; every zip code in the United States is eligible for at least one of the three temporary payment adjustments. Since enactment, Congress has modified and extended these adjustments. The current extension expires after December 31, 2017. The House **Ways and Means** Committee has proposed an agreement for a new five-year extension.

The AFS payment has two components, the service component and the mileage component. The service component payment covers the cost of personnel, equipment, and supplies and reflects the relative intensity of services provided to the patient at each of **seven levels of service** (referred to as the *relative value unit*, or *RVU*) and an adjustment to account for regional differences in costs (referred to as a *geographic adjustment factor*, or *GAF*). The mileage component payment covers transport costs and is the product of a single per-mile rate and the number of miles traveled with the patient onboard. The Medicare payment base rates for both the service and mileage components are **updated annually** by an inflation factor.

The first two temporary payment adjustments increase the Medicare service and mileage payments by 2% for ambulance transports in an urban zip code and 3% in a rural zip code. The third payment adjustment is a **22.6%** increase that applies only to the service component payment of transports that originate in qualified rural areas (called *super-rural areas*)—areas that represent the least densely populated of all rural areas. Ambulance transports that receive the super-rural adjustment also receive the rural adjustment.

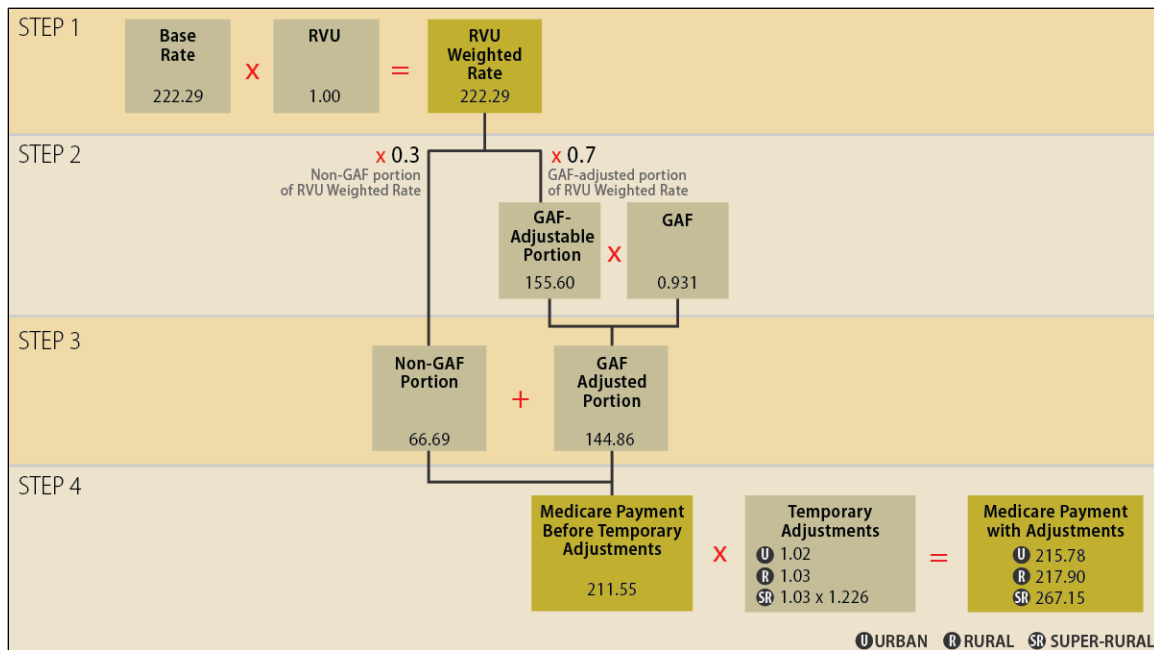
If the temporary adjustments expire, the Medicare AFS payment for the service and mileage components beginning January 1, 2018, will be the CY2017 Medicare payment amount before temporary adjustments multiplied by the annual inflation factor.

**Figure 1** illustrates the service component of the AFS formula and the effect of the temporary payment adjustments on the most basic level of service, a Basic Life Support (BLS) nonemergency ambulance transport.

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**Figure 1. Example: Medicare AFS Service Component Payment and Temporary Adjustments**

**Source:** CRS analysis of Medicare Ambulance Fee Schedule [Public Use File CY2017](#).

**Notes:** Only the effect on the service component, not the mileage component, is reflected in the example since the super-rural adjustment applies only to the service component of the Medicare AFS payment. In this example, the CY2017 base rate is multiplied by an RVU of 1.00 for the most basic level of service, a Basic Life Support nonemergency ambulance transport. The selected CY2017 GAF of 0.931 for this example applies to North Carolina. For ambulance services in super-rural areas, both the super-rural and rural adjustments apply. AFS = Ambulance Fee Schedule; RVU = Relative Value Unit; GAF = Geographic Adjustment Factor.

A transport is eligible for the temporary payment adjustments if the patient point-of-pick-up is an urban, rural, or super-rural zip code. **Table 1** illustrates the number of urban, rural, and super-rural zip codes nationally and by state (including the District of Columbia and U.S. territories) in 2017.

**Table 1. Number of Urban, Rural, and Super Rural Zip Codes Under Medicare Ambulance Fee Schedule**

National/State/DC/U.S. Territory	Urban <sup>a</sup>	Rural <sup>b</sup>	Super-Rural <sup>c</sup>	Total
National	23,425	11,683	7,829	42,937
AK	32	25	219	276
AL	481	215	158	854
AR	207	272	246	725
AS (American Samoa)	0	1	0	1
AZ	329	28	212	569
CA	2,174	324	226	2,724
CO	354	33	290	677
CT	395	50	0	445
DC	304	0	0	304

<b>National/State/DC/U.S. Territory</b>	<b>Urban<sup>a</sup></b>	<b>Rural<sup>b</sup></b>	<b>Super-Rural<sup>c</sup></b>	<b>Total</b>
DE	82	17	0	99
FL	1,350	124	42	1,516
FM (Federated States of Micronesia)	0	4	0	4
GA	605	310	117	1,032
GU (Guam)	0	21	0	21
HI	77	66	0	143
IA	292	383	405	1,080
ID	98	33	204	335
IL	913	591	125	1,629
IN	534	453	13	1,000
KS	208	163	404	775
KY	309	699	22	1,030
LA	470	196	73	739
MA	681	70	0	751
MD	541	89	0	630
ME	134	200	171	505
MH (Marshall Islands)	0	2	0	2
MI	624	435	126	1,185
MN	412	245	386	1,043
MO	473	346	380	1,199
MP (Northern Mariana Islands)	0	3	0	3
MS	144	280	117	541
MT	55	11	345	411
NC	603	484	15	1,102
ND	61	24	334	419
NE	145	65	422	632
NH	100	175	17	292
NJ	732	16	0	748
NM	110	13	316	439
NV	164	21	72	257
NY	1,465	722	59	2,246
OH	829	658	0	1,487
OK	253	278	260	791
OR	232	75	193	500
PA	1,433	780	31	2,244

<b>National/State/DC/U.S. Territory</b>	<b>Urban<sup>a</sup></b>	<b>Rural<sup>b</sup></b>	<b>Super-Rural<sup>c</sup></b>	<b>Total</b>
PR (Puerto Rico)	167	10	0	177
PW (Palau)	0	2	0	2
RI	90	1	0	91
SC	341	191	12	544
SD	47	32	339	418
TN	447	354	13	814
TX	1,661	454	612	2,727
UT	170	8	182	360
VA	797	417	63	1,277
VI (U.S. Virgin Islands)	0	16	0	16
VT	33	264	12	309
WA	448	121	175	744
WI	373	407	139	919
WV	421	404	111	936
WY	25	2	171	198

**Source:** CRS summary of Centers for Medicare & Medicaid Services' "[CY2016 End of Year Zip Code File - Updated 11/17/2016](#)."

- a. Urban = an area within a Metropolitan Statistical Area (MSA) as defined by the Office of Management and Budget or a similar area as recognized by regulation. See 42 U.S.C. 1395ww(d)(2)(D).
- b. Rural = an area located outside an urban area. See 42 U.S.C. 1395ww(d)(2)(D).
- c. Super-rural = an area that ranks in the lowest 25% of all rural areas, by population density. See 42 U.S.C. 1395m(l)(12)(B).

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